



Order 2000-12-10  
Served: December 20, 2000

**UNITED STATES OF AMERICA  
DEPARTMENT OF TRANSPORTATION  
OFFICE OF THE SECRETARY  
WASHINGTON, D.C.**

Issued by the Department of Transportation  
on the 15<sup>th</sup> day of December, 2000

Joint application of

**TAQUAN AIR SERVICE, INC.  
and  
VENTURE TRAVEL, LLC  
d/b/a TAQUAN AIR**

for approval of a transfer of certificate authority  
under 49 U.S.C. 41105

**Docket OST-00-8212**

**ORDER TRANSFERRING AND REISSUING CERTIFICATE**

**Summary**

By this order, we (1) find that Venture Travel, LLC d/b/a Taquan Air (Venture) is fit, willing, and able to conduct interstate scheduled passenger operations as a certificated air carrier, and (2) transfer and reissue to Venture the certificate authority currently held by Taquan Air Service, Inc. (Taquan), subject to various limitations.

**Background**

Taquan, a certificated air carrier based in Ketchikan, Alaska, was found fit in December 1987 by Order 87-12-66 to provide interstate scheduled air transportation of persons, property, and mail. The company conducted operations under this authority until May 2000 when all of its assets were sold to Venture.

On October 30, 2000, Venture and Taquan jointly filed an application in Docket OST-00-8212 seeking the Department's approval of the transfer of the dormant certificate authority held by Taquan to Venture pursuant to section 41105 of the Statute.

No answers opposing the transfer application were filed and no special issues regarding Venture have come to our attention. The information before us indicates that Venture is fit to conduct scheduled air transportation operations as a certificated air carrier.

Moreover, as discussed below, it appears that the proposed transfer meets the public interest standard typically applied to such cases.

## **PUBLIC INTEREST**

Section 41105 of the Statute (49 U.S.C. 41105) permits the Department to approve a certificate transfer if it finds that the transfer is consistent with the public interest. The primary decisional criteria in determining the public interest are whether the acquiring entity is a U.S. citizen and will be fit to hold the certificate authority.<sup>1</sup> Moreover, section 41105(b) requires the Department to analyze the impact of the transfer on the viability of the carrier applicants, competition in the domestic airline industry, and the trade position of the United States in the international air transportation market.

After reviewing the applicants' pleadings and other data available to the Department, we find that the proposed transaction warrants approval under the decisional criteria. We conclude, as more fully discussed below, that Venture is a U.S. citizen and that it is fit, willing, and able to conduct air transportation under the transferred authority, subject to certain conditions and limitations.

In addition, we find that approval of this transfer will not negatively impact on the viability of Taquan or on competition in the domestic airline industry. Indeed, as Taquan has already suspended all operations and, due to the sale of all of its assets, it is no longer in a position to recommence operations under its certificate authority. Thus, the transfer of this certificate to another company that will utilize it to provide certificated air transportation operations can only result in increased competition in the domestic airline industry. In addition, the issue of the impact on the trade position of the United States in the international air transportation market is irrelevant in this case since no foreign routes are at issue.

## **FITNESS**

In determining the fitness of an air carrier to receive or hold certificate authority, we use a three-part test: (1) whether the applicant will have the managerial skills and technical ability to conduct the proposed operations, (2) whether it will have access to financial resources sufficient to commence and conduct operations without posing an undue risk to consumers, and (3) whether it will have the disposition to comply with the Statute and regulations imposed by Federal and State agencies. We must also find that the applicant is a U.S. citizen. Thus, in order to receive Taquan's certificate, Venture must be found to be fit and a U.S. citizen.

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<sup>1</sup> See Arrow Air, Order 2000-8-5, and Kalitta Air, Order 2000-10-29.

## Ownership and Management

Venture was established as a limited liability company in April 2000 within the State of Alaska. All of the membership interest in Venture is held by Angela and Brien Salazar,<sup>2</sup> husband and wife (51 percent and 49 percent, respectively).

Venture received authority to operate as an air taxi on April 18, 2000, and on May 12, 2000, it purchased all of the assets of Taquan. Immediately prior to this asset purchase, Brien Salazar was serving as Taquan's General Manager. Together with other individuals who held key technical positions with Taquan, Mr. Salazar now oversees the operations of Venture.

Mr. Salazar joined Taquan in 1997 as its Vice President of Business Development and was later promoted to General Manager. Prior to joining Taquan, Mr. Salazar worked for seven years with Ketchikan Air Service, beginning as a pilot and later becoming its Vice President of Marketing and, during his last five years with the company, serving as its Vice President and Chief Operating Officer.<sup>3</sup> In addition to his duties with the applicant, Mr. Salazar continues to serve as President and CEO of S & S Leasing, a company he established in 1991 to specialize in commercial equipment and real estate operating leases.

Mr. Anthony G. Criscola, an Airframe and Powerplant mechanic, serves as Venture's Director of Maintenance. Prior to May 2000, Mr. Criscola worked for almost eight years with Taquan in positions ranging from mechanic to Director of Maintenance. Previously, he also worked for approximately one year as a mechanic with Ketchikan Air Service. Prior to 1991, Mr. Criscola was not employed in the aviation industry.

Mr. David A. Rocke, a commercial pilot, serves as Venture's Director of Operations. Previously, he had worked for seven years with Taquan, beginning as a pilot and eventually serving as its Chief Pilot (two years) and Director of Operations (six months). Prior to this time, Mr. Rocke worked for approximately six years as a flight instructor with Saint Lucie Air Academy (Florida) and as a pilot/fishing guide with various Alaskan lodges. Before 1986, Mr. Rocke was not employed in the aviation industry.

Mr. Douglas McCart, an Airline Transport Pilot with over 23,000 hours of flight time, serves as Venture's Chief Pilot. He began his aviation career as a pilot with Shellabarger Flying Service in Kotzebue, Alaska in 1977. He later served briefly as

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<sup>2</sup> Mr. Salazar's legal name is Gerald O'Brien Salazar. However, he generally uses the name Brien Salazar and we will refer to him as such.

<sup>3</sup> In addition to working with Ketchikan Air Service, between 1992 and 1996, Mr. Salazar also participated in the development of Pacific Northwest Helicopters, serving as its Vice President and Chief Financial Officer.

Shellabarger's Chief Pilot before moving to Armstrong Air where he served for eight years as its Chief Pilot. He has also held pilot and/or Chief Pilot positions with Wren Air, Temsco Airlines, and, most recently, Taquan where he worked for eight years prior to joining Venture.

All of the individuals noted above are experienced in overseeing operations of the same type that will be conducted by Venture under the certificate at issue, each having also worked with Taquan in similar positions prior to its cessation of operations. Therefore, we conclude that Venture has demonstrated that it has the management skills and technical ability to conduct the operations authorized by the transferred certificate using small aircraft.<sup>4</sup>

### **Operating Plans and Financial Condition**

The assets Venture purchased from Taquan in May included five DeHavilland Beaver aircraft, a maintenance hanger and equipment, aircraft parts, the Taquan Air name and trademark, among other items. Also included was the assignment of certain contracts from Taquan to Venture including Taquan's essential air service (EAS) obligation and subsidy for Hydaburg, Alaska. Presently, Venture utilizes these assets to conduct its air taxi operations. It is able to fulfill its EAS obligations to Hydaburg under its current authority due to the fact that the EAS level of service for Hydaburg consists of only three round trips per week.<sup>5</sup> Nonetheless, Venture wishes to upgrade its air taxi authority to certificate authority, so that it may, among other things, carry mail on a scheduled basis. The company, however, has no immediate plans to substantially change its level of operations.

Venture will not incur any additional expenses to convert its air taxi service to certificated operations. The company has, however, provided a forecast of the next twelve months of its operations. This forecast indicates that Venture will incur total operating expenses of \$1.4 million during this period.

In evaluating an applicant's fitness, the Department generally asks that the company have available to it resources sufficient to cover all pre-operating costs plus a working capital reserve equal to the operating costs that would be incurred in three months of certificated operations. Applying this test to Venture results in a total funding requirement of approximately \$350,000 to meet our financial criteria.

Since commencing air taxi operations, Venture has been profitable, earning a net income of \$728,765 during the five months ended September 30, 2000. Moreover,

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<sup>4</sup> Before authorizing a carrier to conduct air transportation operations, the FAA also evaluates certain of the applicant's key personnel with respect to the minimum qualifications for those positions as prescribed in the Federal Aviation Regulations. The FAA's evaluation of these key personnel provides an added practical and in-person test of the skills and technical ability of these individuals.

<sup>5</sup> See Order 2000-5-21, served May 26, 2000, which approved the transfer of the EAS responsibilities and subsidy rate for Hydaburg from Taquan to Venture.

based on the information available to us, it appears that the overall financial condition of Venture is good. As of September 30, 2000, Venture had current assets of approximately \$877,300 (including over \$572,000 in cash accounts)<sup>6</sup> and current liabilities of approximately \$280,900, resulting in positive working capital of \$596,4000 and a current assets to current liabilities ratio of 3.12:1. Further, Venture's net equity situation was a positive \$738,983.

In light of the foregoing, we conclude that Venture has available to it sufficient funds to enable it to undertake certificated operations without posing an undue risk to consumers or their funds.

### **Compliance Disposition**

We also conclude that Venture has the proper regard for the laws and regulations governing its services to ensure that its aircraft and personnel conform to applicable safety standards and that acceptable consumer relations practices will be followed.

Venture has stated that there are no actions or outstanding judgments against it, its owners, or its key personnel, nor have there been any charges of unfair, deceptive or anti-competitive business practices, or of fraud, felony or antitrust violations, or other legal action, against any of these parties. Further, there have been no formal complaints filed or orders issued finding any of these parties to be in violation of the Statute or the Federal Aviation Regulations.

In addition, there is nothing in the compliance history of Taquan while Mr. Salazar and Venture's key technical team oversaw that company's operations that would indicate that Venture would likely fail to perform its operations in a satisfactory manner.

Finally, the FAA has advised us that Venture already holds a Part 135 certificate, that this certificate requires only minor modification to enable Venture to conduct scheduled passenger operations, and that it knows of no reason why we should act unfavorably on the subject transfer application.

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<sup>6</sup> Independent third-party verification of Venture's cash resources was provided by National Bank of Alaska. This verification indicated that as of August 16, Venture had on deposit approximately \$519,000. This number is in line with the cash resources shown on Venture's September 30, 2000, balance sheet.

## CITIZENSHIP

49 U.S.C. 41102 requires that certificates to engage in air transportation be held only by citizens of the United States as defined in 49 U.S.C. 40102(a)(15). That section specifies that the president and two-thirds of the board of directors and other managing officers be U.S. citizens and that at least 75 percent of the outstanding voting stock be owned and controlled by U.S. citizens. We have also interpreted the Statute to mean that, as a factual matter, the carrier must actually be controlled by U.S. citizens.

As noted earlier, Venture is owned by Mr. and Mrs. Brien Salazar, each a U.S. citizen. Further, all of the individuals who hold key management positions with Venture are also U.S. citizens, and the company has provided an affidavit attesting that it is a citizen of the United States within the meaning of the Statute. Finally, our review of Venture's citizenship has uncovered no reason to suggest that control of Venture would rest with non-U.S. citizens should we approve the requested transfer of certificate authority.

Based on the above, we conclude that Venture is a U.S. citizen and is fit, willing, and able to provide the interstate scheduled passenger operations authorized by Taquan's certificate using small aircraft.

## CERTIFICATE CONDITIONS AND LIMITATIONS

The authority being transferred will not become effective until Venture has fulfilled all of the requirements for effectiveness as set forth in the Terms, Conditions, and Limitations attached to it. Among other things, this includes our receipt of evidence that Venture has received amended Operations Specifications from the FAA authorizing it to conduct scheduled passenger operations.

We note that our finding of fitness for Venture is based on the operating plans described in the transfer application, namely the use of small (under 10-seat) aircraft. Were Venture to propose to expand its operations to include larger aircraft, our fitness findings might no longer apply. Therefore, we propose to limit any authority issued to the applicant to operations with aircraft under Part 135 of the Federal Aviation Regulations (that is, aircraft having a maximum passenger capacity of not more than 9 seats or a maximum cargo capacity of not more than 7,500 pounds payload). Should Venture subsequently desire to operate larger aircraft, it must first be determined fit for such operations. This restriction is similar to restrictions imposed in other recent cases involving small aircraft operators.<sup>7</sup>

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<sup>7</sup> See Inland Aviation, Order 99-7-4, and Daystar Airways, Order 99-8-16.

In addition, we remind the company of the requirements of 49 U.S.C. 41110(e). Specifically, that section requires that, once a carrier is found fit initially, it must remain fit in order to hold its authority. Thus, should Venture propose other substantial changes in its ownership, management, or operations, it must first comply with the requirements of section 204.5 of our rules.<sup>8</sup> The compliance of the company with this requirement is essential if we are to carry out our responsibilities under the Statute.<sup>9</sup>

Finally, to aid the Department in monitoring the fitness of new carriers, we have adopted a requirement that all start-up carriers must submit a progress report, within 45 days following the end of the first year of certificated operations, to the Air Carrier Fitness Division.<sup>10</sup> The report should include a description of the carrier's current operations (number and type of aircraft, principal markets served, total number of full-time and part-time employees), a summary of how these operations have changed during the year, a discussion of any changes it anticipates from its current operations during its second year, current financial statements,<sup>11</sup> and a listing of current senior management and key technical personnel. The carrier should also be prepared to meet with staff members of the Fitness Division to discuss its current and future operations.

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<sup>8</sup> The carrier may contact our Air Carrier Fitness Division to report proposed substantial changes in its operations, ownership, or management, and to determine what additional information, if any, will be required under section 204.5. In addition, by notice dated July 21, 1998, the Department requested air carriers to provide a 30-day advance notification of any proposed change in ownership, restructuring, or recapitalization. If the carrier fails to file this updated information or if the information fails to demonstrate that the carrier will continue to be fit upon implementation of the substantial change, the Department may take such action as is appropriate, including enforcement action or steps to modify, suspend, or revoke the carrier's certificate authority.

<sup>9</sup> We also remind Venture about the requirements of section 204.7 of our rules. This section provides, among other things, that (1) the certificate authority granted to a company shall be revoked if the company does not commence actual flying operations under that authority within one year of the date of the Department's determination of its fitness; (2) if the company commences operations for which it was found fit and subsequently ceases such operations, it may not resume certificated operations unless its fitness has been redetermined; and (3) if the company does not resume operations within one year of its cessation, its authority shall be revoked for dormancy.

<sup>10</sup> While Venture is receiving the certificate of a previously operating air carrier and is currently conducting operations as an air taxi, it is itself a newly certificated company, and as such is subject to this reporting requirement.

<sup>11</sup> These financial statements should include a balance sheet as of the end of the company's first full year of actual certificated operations and a twelve-month income statement ending that same date.

**ACCORDINGLY,**

1. We find that Venture Travel, LLC d/b/a Taquan Air is fit, willing, and able to engage in certificated operations using small (under 10-seat) aircraft subject to the attached Terms, Conditions and Limitations.
2. We find that it is in the public interest to transfer to Venture Travel, LLC d/b/a Taquan Air, with amendments,<sup>12</sup> the interstate scheduled air transportation certificate issued to Taquan Air Service, Inc., by Order 98-7-6, served July 8, 1998;<sup>13</sup> and we reissue the certificate in the attached form to reflect the transfer of authority.
3. We direct Venture Travel, LLC d/b/a Taquan Air to submit to the Air Carrier Fitness Division a first year progress report within 45 days following the end of its first year of actual flight operations under its transferred authority.
4. We will serve a copy of this order on the persons listed in Attachment A.

By:

**FRANCISCO J. SANCHEZ**  
Assistant Secretary for Aviation  
and International Affairs

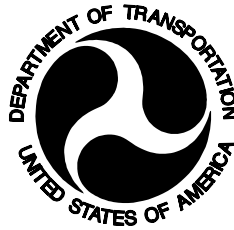
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<sup>12</sup> The certificate currently held by Taquan does not contain a restriction on the size of aircraft that the holder may operate. However, for the reasons stated in the **Certificate Conditions & Limitations** section of this order, the transferred certificate will include an aircraft size limitation.

<sup>13</sup> The authority being transferred was originally issued by Order 87-12-66, served December 31, 1987. It was last reissued by Order 98-7-6 to reflect the current format for such certificates.





# **Certificate of Public Convenience and Necessity for Interstate Air Transportation**

**This Certifies That**

**VENTURE TRAVEL, LLC  
d/b/a TAQUAN AIR**

is authorized, subject to the provisions of Subtitle VII of Title 49 of United States Code, the orders, rules, and regulations issued thereunder, and the attached Terms, Conditions, and Limitations, to engage in interstate air transportation of persons, property, and mail.

This Certificate is not transferable without the approval of the Department of Transportation.

**By Direction of the Secretary**

**Issued by Order 2000-12-10  
On December 15, 2000  
Aviation  
Effective on (see attached)**

**Francisco J. Sanchez  
Assistant Secretary for  
and International Affairs**



## Terms, Conditions, and Limitations

### **VENTURE TRAVEL, LLC d/b/a TAQUAN AIR**

is authorized to engage in interstate air transportation of persons, property, and mail between any point in any State, territory, or possession of the United States or the District of Columbia, and any other point in any of those entities.

This authority is subject to the following provisions:

- (1) The authority to operate under this certificate will not become effective until six (business) days after the Department has received the following documents; provided, however, that the Department may stay the effectiveness of this authority at any time prior to that date:
  - (a) A copy of the holder's Air Carrier Certificate and Operations Specifications authorizing such operations from the Federal Aviation Administration (FAA).
  - (b) A certificate of insurance on OST Form 6410 evidencing liability insurance coverage meeting the requirements of 14 CFR 205.5(b) for all of its aircraft.
  - (c) A statement of any changes the holder has undergone in its ownership, key personnel, operating plans, financial posture, or compliance history, since the date of the Show Cause Order in this case.
  - (d) A revised list of pre-operating expenses already paid and those remaining to be paid, as well as independent verification that the holder has available to it funds sufficient to cover any remaining pre-operating expenses and to provide a working capital reserve equal to the operating costs that would be incurred in three months of operations.

(2) Pending receipt of effective authority, the holder may not accept payment of any kind (i.e., cash, check, or credit card) or issue tickets for the operations proposed under this certificate, and any advertisement or listing of flights by the holder must prominently state: "This service is subject to receipt of government operating authority."

(3) The holder shall at all times conduct its operations in accordance with the regulations prescribed by the Department of Transportation for the services authorized by this certificate, and with such other reasonable terms, conditions, and limitations as the Department of Transportation may prescribe in the public interest.

(4) The holder's authority is effective only to the extent that such operations are also authorized by the Federal Aviation Administration (FAA), and comply with all FAA requirements concerning security.

(5) The holder may not operate aircraft designed to have a maximum passenger capacity of more than 9 seats or a maximum payload capacity of more than 7,5000 pounds. In the event that the holder wishes to institute operations with aircraft having a larger capacity, it must first be determined fit for such operations.

(6) The holder shall at all times remain a "Citizen of the United States" as required by 49 U.S.C. 40102(a)(15).

(7) The holder shall maintain in effect liability insurance coverage as required under 14 CFR Part 205. Failure to maintain such insurance coverage will render a certificate ineffective, and this or other failure to comply with the provisions of Subtitle VII of Title 49 of the United States Code or the Department's regulations shall be sufficient grounds to revoke this certificate.

(8) In the event that the holder receives effective scheduled passenger authority, the following additional conditions will apply:

(a) The holder may reduce or terminate service at any point or between any two points, subject to compliance with the provisions of 49 U.S.C. 41734 and all orders and regulations issued by the Department of Transportation under that section.

(b) The holder may not provide scheduled passenger air transportation to or from Dallas (Love Field), Texas, except within the limits set forth in section 29 of the International Air Transportation Competition Act of 1979, as amended by section 337 of the Department of Transportation and Related Agencies Appropriations Act, 1998.

(9) Should the holder propose any substantial changes in its ownership, management, or operations (as that term is defined in 14 CFR 204.2(l)), it must first comply with the requirements of 14 CFR 204.5.

(10) In the event that the holder does not commence actual flying operations under this certificate within one year of the date of the Department's determination of its fitness, its authority shall be revoked for dormancy, unless the holder is conducting operations under another type of certificate authority. Further, in the event that the holder commences operations for which it was found "fit, willing, and able" and subsequently ceases all such operations, its authority under all certificates held shall be suspended under the terms of 14 CFR 204.7 and the holder may neither recommence nor advertise such operations unless its fitness to do so has been redetermined by the Department. Moreover, if the holder does not resume operations within one year of its cessation, its authority shall be revoked for dormancy.

**SERVICE LIST FOR VENTURE TRAVEL, LLC  
d/b/a TAQUAN AIR**

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